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Control: 6915
Rec'd: February 12, 1957
8:00 a.m.

FROM: Alexandria

TO: Secretary of State

NO: 433, February 12, 10 a.m.

SENT DEPARTMENT 433; REPEATED INFORMATION CAIRO 110, GENEVA 6.

Reference: Consulate General telegram 416.

T.A. Davis, Nile Ginning, saw Hassan Zaki Director Central Office Exchange Control in Zurich about February 4. Zaki told Davis he was en route Geneva arrange financial details large cotton transaction. CONGEN believes this deal one reported REFTEL.

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DIVISION OF COMMUNICATIONS SERVICES
DC/L
FEB 13 1957
ASSISTANT CHIEF FOR LIAISON

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than under the loan agreement; the provision for the obtaining by Egypt of all necessary drawings and documents covering the technical processes; the various provisions, under the section entitled "General Conditions", to protect the Egyptians against poor quality, poor performance, etc. The Egyptian officials with whom this has been discussed are quite satisfied with the terms they obtained and believe them superior to those in other Soviet agreements. The delivery dates and prices, which are of course extremely important, are to be stipulated in the individual contracts.

III. RELATION OF THE AGREEMENT TO THE EGYPTIAN FIVE-YEAR INDUSTRIALIZATION PLAN.

The Embassy has begun a study of the relationship between the Agreement and the Five-Year Industrialization Plan, but has found that the information in the available documents is inadequate and is requesting the Ministry of Industry for further clarification. An initial study of the documents indicates that the Soviet loan program, particularly in Annex I, is heavily concentrated in the fields of mining, petroleum, and metallurgy. The Under Secretary in the Ministry of Industry claims that the value of the equipment provided under Annex I amounts to 25 million Egyptian pounds out of a total loan of 60 million pounds. The Embassy will forward the results of a more detailed analysis of the economic significance of the Agreement as soon as the necessary additional information becomes available.

Roswell H. Whitman

Roswell H. Whitman
Counselor for Economic Affairs

Encs: As stated

Cc: Moscow
Damascus
Aleppo
Alexandria
Port Said

store was entirely of Soviet books while that of another in Zamalek had 16 Soviet books out of a total of 23.

The Egyptian Bookstore has some 200 additional titles on order for delivery within the month but is in the doldrums so far as doing business with the United States is concerned. The manager said he asked his American publishers for credit and could not get it. Another time he was told about a plan (presumably having reference to the Informational Media Guaranty Agreement) whereby payment could be made in Egyptian currency but the publishers did not fill such orders. The bona fides of his assertions about business relationships cannot be verified from here at this time; the fact evident from his bookshop is that he has the remnants of an American stock and a full house of new Soviet books.

Philip E Haring
Philip E. Haring
Second Secretary of Embassy

Approved:

Robert M Carr
Robert M. Carr
Counselor for Economic Affairs

Enclosure: ath
As stated above

Department please pass to:
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SOVIET BOOKS IN STOCK - JANUARY 1957

SOCIAL & POLITICAL LITERATURE :

ENGELS, F. : On Marx's Capital	P.T.3,5
MARX, K. & F. ENGELS : Selected Works (2 vols.)	45
MARX, K. : Capital, Vol. I	33,5
PLEKHANOV : The Development of the Monist View of History	21,5
SHEPILOV : The Suez Problem	3

PHILOSOPHY :

BELINSKY : Selected Philosophical Works	36,5
DOBROLUYOBOV : Selected Philosophical Essays	45
HERZEN l Textes Philosophiques Choisis	50

SCIENTIFIC & POPULAR SCIENTIFIC :

FIGUROV : Painless Child Birth	1,5
FILATOV : Tissue Therapy	2
IVANOV-SMOLENSKY : Essays on the Patho-Physiology of the Higher Nervous Activity	31
KAZANSKY : Cancer	4,5
KHALIFMAN : Bees	28
MAKARENKO : A Book for Parents	23
NEZLIN : Regimen and Treatment in Tuberculosis of the Lungs	4
OPARIN : The Origin of Life	4,5
PAVLOV : Selected Works	30,5
SERGIYEV : The Achievement of Soviet Medical Science in the Control of Malaria	1,5

ESSAYS & LITERARY CRITICISM :

GORKY, M. : Literary Portraits	17
ULANOVA : The Making of a Ballerina	13,5
ULANOVA : L'Ecole d'une Danseuse	13,5
YERMILOV : A. P. Chekhov	28,5

FICTION - RUSSIAN CLASSICS :

CHEKHOV : Short Novels and Stories	28
CHEKHOV : The Cherry Orchard	6,5
GOGOL : Taras Bulba	8
GORKY, M. : Goma Gordeyev	28,5
GORKY, M. : Five Plays	28
GORKY, M. : Selected Short Stories	25
GORKY, M. : Mother	28
KOROLENKO : Le Musicien Aveugle	6
PUSHKIN : The Tales of Ivan Belkin	15
PUSHKIN : The Captain's Daughter	17

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PUSHKIN : Dubrovsky	6,5
PUSHKIN : The Queen of Spade	3,5
TOLSTOI, L. : Les Recits de Sebastopol	22,5
TOLSTOI, L. : Childhood, Boyhood, Youth	33
TURGENEV : Rudin	20
TURGENEV : Three Short Novels	13

FICTION: SOVIET LITERATURE :

AVDEYEV : The New Proof Reader	3,5
BIANKI : Chance Meetings	12,5
FADEYEV : The Rout	20
FORSH : Pioneers of Freedom	24,5
GRANIN : Those Who Seek	33,5
KAVERIN : The Open Book	43,5
KATAYEV : A White Sail Gleams	41,-
KAZAKEVITCH : Heart of a Friend	20,5
NIKOLAYEVA : The Newcomer	5
NIKILAYEVA : Harvest	30
OSTROVSKY : How the Steel was Tempered (2 Vols.)	33
OSTROVSKY : Et l'Acier fut Trempe	33
PANOVA : Looking Ahead	20
PAUTOVSKY : The Flight of Time	3,5
POLEVOI : Shores of a New Sea	3,5
PRISHVIN : The Sun's Storehouse	3,5
PRISHVINE : Le Cellier du Soleil	3,5
TOLSTOI.A : Ordeal (3 vols.)	90

MISCELLANEOUS :

Russian Folk Tales	17
Contes Populaires Ukrainiens	34
Le Petit Coq d'Or	4
Les Trois Ours	5
Two Stories	4

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Control: 15181
Rec'd: January 25, 1957
3:24 p.m.

FROM: Cairo

TO: Secretary of State

NO: 2397, January 25.

SENT DEPARTMENT 2397, REPEATED INFORMATION MOSCOW 35.

Cairo press January 25 quotes official source that ~~Lima~~ E 12 million cotton deal concluded with Soviet Union, indicating part Soviet purchase "will be paid in certain foreign currencies required by Egypt."

Soviet vice minister foreign trade told Cairo press his government would accept Egyptian pound as basis of trade dealings with Egypt, however large might be volume of Egypts purchases from Soviet Union. Also offered to supply Egypts full requirements of medicines and pharmaceutical products.

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FROM : Cairo

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DESP. NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON.

January 26, 1957
DATE

REF : CERP 6/24/54, D-2; Embtel. No.2397 dated January 25, 1957

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SUBJECT: SOVBLOC TRADE ACTIVITIES

In addition to the publicly announced deal between the Soviet Union and Egypt for LE 12,000,000 worth of cotton*and the promise of the Soviet Minister of Foreign Trade to supply Egypt's full requirements of pharmaceuticals and medicinals, reported in referenced telegram, the following Sovbloc activities have been described recently in the Cairo press:

HUNGARY

On January 24, local newspapers reported that Hungary has offered to import American and West German equipment for Egyptian industries and that it will take payment in the form of deductions from Hungary's debts to Egypt. Locomotive engines and equipment for railways will arrive in Egypt next month from Hungary.

U.S.S.R.

The Soviet Vice Minister of Foreign Trade is visiting Egypt in conjunction with the U.S.S.R. industrial fair which opened on January 19, 1957. He told the Minister of Industry that Russia is ready to supply Egypt with machinery and set up factories here. Meanwhile the Minister of Commerce indicated that he was carrying out discussions with the Soviet official to increase commercial exchanges between the two countries.

CZECHOSLOVAKIA

The Czech Deputy Minister of Foreign Trade arrived in Cairo on January 20. Minister of Commerce Nosseir denied rumors that a new Czech-Egyptian trade agreement would be signed and referred to the fact that there is a long-term agreement now in effect. However a high ranking official of the Ministry of Foreign Affairs discussed with the Czech Deputy Minister means of strengthening commercial relations between the two countries, the technical aid agreement between Egypt and Czechoslovakia and Czechoslovakia's participation in Egypt's five year (industrial) project.

* Subsequently denied.

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A Ministry of Finance official was quoted to the effect that reports about Czechoslovakia selling Egyptian cotton for dollars and Swiss francs at 5% less than the price quoted at the Alexandria market have proved incorrect. The official added that the Egyptian Government has taken precautionary measures to avoid such action in the future by stopping cotton barter deals and by allowing the auction of Government cotton stocks to be paid for in hard currency.(i.e. below normal market prices).

COMMUNIST CHINA

An informant described as an official of the Ministry of Supply indicated that 200 tons of tin will be imported from Communist China and that the shipment is due to arrive in Egypt on February 1, along with a large consignment of tea and other essential commodities. More recently the Minister of Supply decided to import 1000 tons of tea per month from Communist China.

Meat from Communist China, reported as the subject of negotiations several months ago, arrived in Egypt early January via Suez. Press reports indicate that the amount received was 7000 tons. Retail sale prices in Cairo for lamb from this shipment was P.T.7 a rotoli* (approximately 20 cents per pound). The 7000 tons "were consumed in 10 days instead of a month and the demand was so great that the quantities allocated for the army were sold to the people". (A single purchase of meat of this type by the reporting officer included so much waste as to make the net delivered price seem higher than the normal retail price of approximately P.T.14 per rotoli). The Minister of Supply, quoted with what appears to be an inaccurate figure, said that steps would be taken to import another "400,000 tons".

EAST GERMANY

11 engineers from East Germany have arrived in Egypt to discuss with officials of the Ministry of Industry the matter of establishing an automobile factory in Egypt.

* 1 lb = 0.4536 kgs. = 1.01 rotoli
1 PT = 3 cents

Philip E. Haring

Philip E. Haring
Second Secretary of Embassy

Approved:

Robert M. Carr

Robert M. Carr
Counselor for Economic Affairs

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Control: 15791
Rec'd: January 26, 1957
5:13 p.m.

FROM: Cairo

TO: Secretary of State

NO: 2417, January 26, 3 p.m.

SENT DEPARTMENT 2417, REPEATED INFORMATION MOSCOW 37.

Re EMBTEL 2397.

Director Industrial Bank Raschid El Barawi informed Embassy officer that report USSR cotton deal would be means Egypt getting hard currency and products form West is incorrect.

AL GOUMHARIA quotes Minister Commerce as denying reports about Soviet deal adding such reports are harmful leading to needless rising cotton prices. Market reports January 26 show for that date early short-run rise, with prices setting back by noon to near opening level.

Ministry Finance press source meanwhile credited with saying an offer exists but decision not (repeat not) yet reached.

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Control: 3980
Rec'd: February 7, 1957
7:53 a.m.

FROM: Alexandria

TO: Secretary of State

NO: 416, February 7, 11 a.m.

SENT DEPARTMENT 416; REPEATED INFORMATION CAIRO 10, GENEVA 5

Reference: CONGEN Telegram 399

Available information indicates cotton involved bought for shipment to Soviet Union. Soviets have trade agrrement with Egypt representing approximately 150,000 bales. 44,000 already bought at regular market prices balance in dollars at 21 percent discount.

Societe MISR sellor but business will be divied among other Egyptian firms. Believe financial details being arranged by Sofenco. Understood Sofenco creation of MISR group. Societe MISR agent Switzerland partner this firm.

Egypt need dollars desparate. Soviets in exchange get cotton 21 percent cheaper. Difficult assess which derives greater benefit this deal.

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DIVISION OF COMMUNICATIONS SERVICES
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EMBTEL 399

Information indirectly from Huri at Alexandria as follows: Egypt-USSR agreement involves $60 million cotton (about 100,000 Egyptian bales) with 32,000 already sold. Final destination not U S or France. Sofen Company is Swiss branch of MISR. No information on Moreno.

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Drafted by: CHBarber FAS 2-7-57

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DEPARTMENT OF STATE DIVISION OF COMMUNICATIONS SERVICES DC/L FEB 7 1957 ASSISTANT CHIEF FOR LIAISON

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Control: 7389
Rec'd: February 12, 1957
7:18 p.m.

FROM: Beirut

TO: Secretary of State

NO: 1954, February 12, 6 p.m.

SENT DEPARTMENT 1954, REPEATED INFORMATION CAIRO 236.

Paul Parker, Bank of America regional representative, reports that just prior his recent departure from Cairo he was informed by Robert Huri, Alexandria cotton exporter, that GOE had concluded sale in Geneva of 105,000 bales of Karnak and Giza thirty cotton with 70 percent of proceeds to be paid in dollars. Dollar earnings for deal to exceed 30 million. Identity of purchaser being kept secret.

Cairo requested not reveal Parker's source.

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